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C O N F I D E N T I A L SECTION 01 OF 04 NOUAKCHOTT 000168

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TAGS: [EAID](#) [ECON](#) [EFIS](#) [EINV](#) [PROP](#) [MR](#)

SUBJECT: SOMETHING FISHY: JUNTA ANNOUNCES NEW "INVESTMENTS"

REF: 08 NOUAKCHOTT 599

Classified By: Charge d'Affaires Dennis Hankins for reasons 1.4 (b) and (d).

11. (C) Summary: The junta announced three new fisheries investments during January and February. These include a 20 million euro loan from Spain to expand Nouadhibou port, \$120 million FDI by a South African company to build a fish processing factory, and a new fishing agreement with the Government of Algeria. The junta is trying to demonstrate that it can still attract foreign investment, bilateral aid, and create economic growth. However, the Junta's "facts" regarding these investments are misleading or false. In the case of the Spanish loan for the fishing port, the Embassy of Spain in Nouakchott issued an official statement saying that there was no such agreement or loan between Spain and Mauritania. For the fish processing factory, it appears highly unlikely that there was an agreement between the South African government and the junta and there are doubts as to whether the investor is legitimate. For the Algerian fishing agreement, the junta is trying to portray an agreement signed by the two countries in May 2008 as new. In addition to the investments, the junta also made an amendment to its policy banning the export of six types of fish by awarding a fish export permit to a Mauritanian fishing company, allowing it to export three of the banned specimens. While the company says that it received the export permit because it was in compliance with all tax obligations, one of the major investors in the company is reportedly a close cousin of General Aziz and the license may simply be a family favor. End Summary.

SPANISH LOAN TO EXPAND THE FISHING PORT

12. (U) Mauritanian official press announced February 4 that Spain's Institute of Official Credit granted Mauritania a loan worth approximately 20 million euros to expand the fishing port in Nouadhibou. According to the official press, the agreement was signed by "Minister of Economy and Development" Sidi Ould Tah and Spanish Ambassador Alejandro Polanco February 4 in Nouakchott. According to statements by the junta, the port expansion would lead to economic development in the fishing sector. The "Council of Ministers" ratified the agreement at its February 5 meeting

and the Parliament voted to approve it February 22.

13. (C) In response to the official press reports, the Spanish Embassy in Nouakchott issued a statement February 4 declaring that the reports in the press were false. The statement from the Spanish also said that Ambassador Polanco and Mauritanian "Minister of Economy and Development" had not signed any agreement to provide financing for the expansion of the Port of Nouadhibou. Spanish Cooperation Coordinator Juan Pena Fernandez also confirmed to post that the statements issued by the junta in the official press were false. He said that Spain had allocated funds to Mauritania almost two years ago to fund the expansion of the Port of Nouadhibou, but the project had never moved forward and there was no movement on it at this time.

\$120 MILLION FISH PROCESSING FACTORY

14. (U) The junta announced January 27 that "Minister of Fisheries" Hacenna Ould Ely signed an investment agreement with his South African "counterpart" in Pretoria, later reported to be Minister of Environmental Affairs and Tourism Marthinus Van Schalkwyk. According to official press, under the agreement South African company Salene Fishing Limited will invest \$120 million to build a fish processing factory and new wharf in Nouakchott. The majority of the investment will be made by Salene Fishing Limited but it will also be open to private Mauritians. The Government of the Islamic

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Republic of Mauritania (GIRM) will be a minority shareholder in return for providing the land (50 hectares) for the project. The factory is supposed to produce 45,000 tons of seafood per year plus fish oil and fish meal. The junta states that the new factory will create 1,500 jobs. The Ministry of Fisheries released a statement saying that the agreement is "a major step forward in cooperation between Mauritania and South Africa and will open new horizons to set up other economic development projects."

15. (C) There are many questions as to whether this fish processing factory is a bona fide investment or propaganda on the part of the junta. Most notably, the only information that has been provided about it has come from the junta itself and the official press. There have been no statements or information coming from the investors behind the deal or by the South African government (SAG), and there has been no coverage in the South African press. Normally, when there is a new investment in Mauritania, the signing of the agreement takes place in Nouakchott amid great fanfare. Pictures and statements from the signing ceremony are plastered all over the media. The few investment and prospection agreements that have been signed between the junta and private investors since the coup have all followed this format. However, in this case the agreement was reportedly signed in Pretoria. There were no pictures of the event and the only statements have come from the junta. Furthermore, because the agreement is between the GIRM and a private company, it is unclear why the agreement would be signed between the two governments and not between the GIRM and Salene.

16. (C) Given the SAG's strong opposition to the coup and its refusal to recognize the junta, it is unclear why it would choose to sign an agreement with the junta at this time. Furthermore, it is unclear if Ely actually traveled to South Africa. South African Charge d'Affaires Dumolomzi Duma told EconOff that the South African Ministry of Foreign Affairs has declined all meeting requests with the junta. He said that South Africa has already denied visas to an official Mauritanian delegation from the mining industry and has refused to put any visas in Mauritanian diplomatic or official passports since the coup. He said that prior to the AU sanctions announcement, members of the junta were able to travel to South Africa on regular passports as ordinary

citizens. However, they were not granted any of the privileges normally accorded to visiting officials or granted any official meetings. While all South African visas for Mauritians are issued by its embassy in Dakar, Duma said that the embassy in Dakar consults with him before issuing visas to Mauritians. Duma said that he was not aware of any visa being issued to "Minister of Fisheries" Hacenna Ould Ely. He had no information to indicate that Ely had met with any SAG officials as the official press claimed or that any agreement had been signed between the two governments. He said that the prospect of official meetings and an agreement seemed very unlikely to him. Embassy Pretoria reported that it was not aware of any visit by Ely to South Africa and that it had seen nothing in the South African press regarding his trip.

17. (C) Duma said that the SAG had signed a declaration of intent with the GIRM in 2005 to assist Mauritania in protecting its coastal waters against illegal fishing, which included providing it with equipment. While the two governments signed the declaration of intent several years ago, no substantive action has been taken to date. Regarding any agreements between the GIRM and South African companies, Duma said that he was also not aware of any agreements since the coup. He said that he had met with a South African group interested in investing in the Mauritanian fishing sector in early 2008, but had heard nothing from them since then. He said he understood that the deal had either been put on hold or fallen through since the coup. He noted that an agreement between the GIRM and a private South African company was outside the scope of the SAG, so it was possible that some sort of agreement was possible, but there was certainly nothing between the two governments.

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18. (C) While there are doubts as to whether the SAG and GIRM signed any agreement, there are also questions about the investor. There is no record of Salene Fishing Limited or its purported parent company Salene Technology online. Embassy Pretoria confirmed that there is no company registered under the name of Salene Fishing Limited or Salene Technology in South Africa. Under growing pressure from local media to respond to questions about the investment, Deputy Director of Traditional Fishing at the Ministry of Fisheries Sidi El Moctar Ould Mohamed Abdellahi provided more information. However, it did little to clear up doubts about the investment. In an interview carried by several local media outlets, Abdellahi said that Salene Fishing Limited was a subsidiary of the "very well-known South African company Salene Technology which does have a website." He said that while both companies operate in South Africa, they are registered in Cyprus. Embassy Nicosia confirmed that a company called Salene Fishing Limited is registered in Cyprus, but noted that it is extremely easy to register companies in Cyprus and it does not necessarily mean that it is a legitimate company. Embassy Nicosia found no records of companies called Salene Technology or Salene Group, which according to Abdellahi are tied to Salene Fishing and are also registered in Cyprus. Embassy Pretoria reported that it was not aware of any "well-known" companies called Salene operating in South Africa. Abdellahi also said in the February 4 interview that "a high ranking delegation will visit Nouakchott in the coming days" for further discussions regarding the project. However, there has been no visit by any delegations from the fishing industry to date.

19. (C) Post has spoken with several different officials from the Ministry of Fisheries about the investment, but each official seems to provide different and conflicting information. The nature of the agreement and the parties to the agreement vary from official to official. The information coming from Abdellahi himself has also been conflicting. Abdellahi told the press that Ely traveled to South Africa to sign an agreement with the SAG for a \$120 million investment in a fish processing factory. However, in

a conversation with LES he said that the visit to South Africa was to discuss a partnership between the SAG and the GIRM to improve the fishing sector and modernize the Mauritanian industrial fishing fleet. Abdellahi added that the GIRM needed something to make the visit appear to be a success, so it used the visit to sign an agreement with the private company. He said that the GIRM tried to involve the SAG in the agreement to give it greater importance.

"NEW" FISHING AGREEMENT WITH ALGERIA

¶10. (SBU) The junta announced a new agreement with the Government of Algeria to operate a joint venture fishing company. However, this "new" agreement was actually signed by the two sides in May 2008. What the junta framed as a new agreement was in fact just the ratification by the GIRM of the 2008 agreement. Algeria has long been active in the Mauritanian fishing sector and the 2008 agreement was a resumption of its prior activities in Mauritania.

PERMIT ACCORDED TO EXPORT FISH PREVIOUSLY BANNED FOR EXPORT

¶11. (U) The junta outlawed the exportation of six species of fish in October 2008 in an effort to make fish more affordable and available to Mauritians (Reftel). Prior to the export ban, much of the catch of these particular species was being exported to neighboring countries such as Senegal and Mali. Since the export ban was implemented in October, fish has become more available on the domestic market but demand has remained relatively stagnant because much of the population is not accustomed to consuming fish. Many in the fishing industry have been devastated by this new policy

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because there has not been enough increased demand in Mauritania to make up for the loss of revenues from exports. While the policy likely made the junta popular with those few Mauritians who consume fish regularly because prices dropped slightly, it created bigger problems for it in the fishing industry and at the Central Bank because income decreased and there has been less foreign currency coming in from fish exports.

¶12. (U) The junta made a slight reversal to its policy February 3 when it announced that the Mauritanian company Afrifish would be allowed to export three of the species previously banned: white grouper (thiof), grouper, and sea bream. The contract is valid for three months and will allow Afrifish to export three tons of white grouper, 0.5 tons of grouper, and unlimited amounts of sea bream during the duration of the contract. The contract can be renewed every three months. The export ban for the six affected species still applies to all other Mauritanian companies.

¶13. (C) Afrifish is majority owned by a Portuguese investor, but it also has several influential Mauritanian investors, notably Mohameden Salama Hafed, who is reportedly a close cousin of General Aziz. The general manager of Afrifish told LES that the company was given this special export permit because it was in complete conformity with its tax and environmental obligations. He claimed that Afrifish was the only company in conformity and thus the only company eligible. He argued that the junta was also trying to create an incentive for other fishing companies to comply with tax obligations. In exchange for the permit, Afrifish reportedly guaranteed that it would repatriate all of its revenues through the Central Bank. Afrifish normally exports its products to Portugal, Spain, and France and could be expected to repatriate its earnings in Euros on a regular basis.

¶14. (C) Comment: As legitimate foreign aid and investment dry up, the junta has turned to distortions and propaganda to

give the impression that it is attracting new aid and investment to Mauritania. This appears to be an expansion of a tactic that it has used before when it took credit for projects that were actually financed and carried out by UNDP.

These efforts are likely part of the junta's broader campaign to win popular support by showing that it is recognized by the international community and able to create economic development. The biggest questions remain about the \$120 million investment to build the fish processing factory.

Post cannot say for sure if the investment is legitimate, but at the very least, many of the facts surrounding it have been falsified or distorted. Post will continue to follow developments to see if the investment does materialize. As for the junta's amendment to its export ban on certain types of fish, it is highly unlikely that Afrifish was awarded the export permit because it was in full compliance with its tax obligations. Mauritanian companies normally pay only a very small percentage of the taxes that they actually owe and enforcement of tax laws is limited. It seems likely that the junta amended its policy in this case to reward a cousin and supporter of General Aziz and to try to bring more foreign currency into the country. End Comment.

WALSH